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October 19, 2009

# Inspector General

## United States

## Department *of* Defense



Summary of DoD Office of the Inspector General  
Audits of Financial Management

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400 Army Navy Drive (Room 801)  
Arlington, VA 22202-4704



## **Acronyms and Abbreviations**

CFO	Chief Financial Officer
DFAS	Defense Finance and Accounting Service
FMR	Financial Management Regulation
GAO	Government Accountability Office
GF	General Fund
OMB	Office of Management and Budget
SFFAS	Statement of Federal Financial Accounting Standards
SFFAC	Statement of Federal Financial Accounting Concepts
USACE	U.S. Army Corps of Engineers
USD(C)/CFO	Under Secretary of Defense (Comptroller)/DOD Chief Financial Officer
WCF	Working Capital Fund



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
400 ARMY NAVY DRIVE  
ARLINGTON, VIRGINIA 22202-4704

October 19, 2009

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/ DOD CHIEF FINANCIAL OFFICER

SUBJECT: Summary of DOD Office of Inspector General Audits of Financial Management  
(Report No. D-2010-002)

We are providing this report for your information and use. We did not issue a draft report because this report summarizes material that was already published. This report is a summary of DOD Office of Inspector General audit reports related to DOD's financial management that were issued from FY 2004 through FY 2008. This report contains no recommendations; therefore, written comments are not required.

Questions should be directed to Ms. Amy L. Mathews at (703) 601-5870.

*Daniel R. Blair*  
*for* Patricia A. Marsh  
Assistant Inspector General  
Defense Business Operations



# Results in Brief: Summary of DOD Office of Inspector General Audits of Financial Management

## What We Did

Our overall objective was to summarize the DOD Office of Inspector General reports that discussed deficiencies in financial management within DOD. Specifically, we reviewed and summarized the financial management-related audit reports that the DOD Office of Inspector General issued from FY 2004 through FY 2008. These reports discussed issues related to the Government Accountability Office high-risk area of financial management.

This summary could be used by DOD financial managers to monitor areas that require enhanced internal control and financial management improvements, and stress the importance of obtaining sustainable results.

## What We Found

The DOD Office of the Inspector General issued 255 reports during FY 2004 through FY 2008 that pertain to financial management. As part of our audit of the FY 2008 DOD Agency-wide financial statements, DOD management acknowledged that 13 previously-identified material weaknesses continued to exist. Therefore, we grouped the deficiencies discussed in the reports by the 13 material weaknesses as follows:

1. Financial Management Systems
2. Fund Balance with Treasury

3. Accounts Receivable
4. Inventory
5. Operating Materials and Supplies
6. General Property, Plant, and Equipment
7. Government-Furnished Material and Contractor-Acquired Material
8. Accounts Payable
9. Environmental Liabilities
10. Statement of Net Costs
11. Intragovernmental Eliminations
12. Other Accounting Entries
13. Reconciliation of Net Cost of Operations to Budget

In addition to the 13 material weaknesses, we reported on 3 other issue areas as follows:

1. Inadequate Audit Trails
2. Internal Controls
3. Compliance With Laws and Regulations

## What We Recommend

We are not making any recommendations in this report because the recommendations made in the respective individual reports, if implemented, should correct the issues identified.

## Management Comments

We do not require a written response to this report.

## Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Under Secretary of Defense (Comptroller)/DOD Chief Financial Officer	None	None

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# **Introduction**

## **Objective**

Our overall objective was to provide DOD financial managers with a summary of major issue areas identified in DOD Office of Inspector General (OIG) audit reports issued from FY 2004 through FY 2008 that involve the Government Accountability Office (GAO) high-risk area of financial management. We believe that this summary could be helpful in monitoring areas that require enhanced internal control and financial management improvements, and stressing the importance of obtaining sustainable results. See Appendix A for our scope and methodology.

## **Background**

DOD financial management covers a complex array of financial topics – including procurement, inventory, payroll, asset management, and real property – across a very complex organizational structure. The FY 2008 DOD Agency-wide financial statements reported about \$1.7 trillion in assets, \$2.1 trillion in liabilities, and \$676 billion in net costs of operations.

The Chief Financial Officers Act of 1990 identified DOD as one of several agencies required to establish a position for a Chief Financial Officer (CFO) and to prepare and submit to the Office of Management and Budget (OMB) financial statements that were audited by either the Inspector General or an independent public accountant. Under the CFO Act requirements established by OMB, DOD is to prepare and obtain an audit opinion on nine financial statements.

Beginning in 1991, DOD began preparing and submitting financial statements for audit. However, DOD OIG audits of those financial statements for FYs 1991 through 2001 identified pervasive and long-standing material weaknesses which caused those financial statements to be unauditable. As a result, Congress passed the “National Defense Authorization Act for Fiscal Year 2002,” on December 28, 2001, that limits the amount of audit work performed by the DOD OIG under the CFO Act based on management’s representation regarding the reliability of the financial statements. For FY 2002, the Under Secretary of Defense (Comptroller)/DOD Chief Financial Officer (USD[C]/CFO) represented to the DOD OIG that 8 of the 9 required financial statements<sup>1</sup> were not reliable due to the 13 material weaknesses that the DOD OIG had previously identified. Accordingly, the DOD OIG limited audit work and issued a disclaimer of opinion on those eight financial statements. The Military Retirement Fund received a clean audit opinion.

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<sup>1</sup> This represents financial statements for the DOD Agency-wide; General and Working Capital Funds for the Army, Navy and Air Force; the U.S. Army Corps of Engineers; and the Military Retirement Fund.

Since FY 2002, DOD has made minimal progress in achieving auditability at the entity financial statement level or at the DOD Agency-wide level. USD(C)/CFO has continued to represent that the DOD Agency-wide financial statements remain unreliable because of the 13 auditor-identified material weaknesses. For FY 2008, USD(C)/CFO represented that 7 of the 9 financial statements remained unreliable. As a result, the DOD OIG issued a disclaimer of opinion for those seven financial statements. The remaining two entities' financial statements - Military Retirement Fund and U.S. Army Corps of Engineers (USACE) Civil Works Program - received clean audit opinions. In addition to the nine financial statement audits required by the CFO Act, the Senate Select Committee on Intelligence requires audited financial statements of four Intelligence agencies, and DOD requires that 20 others prepare internal, stand-alone annual audited financial statements. Of the 33 financial reporting entities, for FY 2008, only 18 received audit opinions (11 disclaimers, 1 qualified, and 6 unqualified [clean].) See Appendix B for a list of the 33 financial statements for which Congress, OMB, or DOD require audits.

Recognizing the need for financial reporting improvements, DOD published its first Financial Improvement and Audit Readiness Plan in December 2005. The purpose of the Plan was to provide a roadmap to fix internal controls, correct processes, and obtain an unqualified opinion on DOD's financial statements. The Plan set milestones for resolving problems affecting the accuracy, reliability, and timeliness of financial information and focused on incremental improvements in line items or segments, but DOD has made minimal progress. Additionally, as DOD corrects internal control weaknesses in these areas, the sustainability of improvements will be key to achieving long-term financial statement-level progress. OMB Circular A-123 may help with the sustainability of DOD's corrective actions; however, sustaining improvements while aggressively executing its financial improvement in the remaining areas will continue to be a challenge for DOD.

### **Government Accountability Office High-Risk Area**

GAO has identified DOD financial management as an area of high-risk for fraud, waste, abuse, and mismanagement. According to GAO, DOD's pervasive financial and related business management and system deficiencies continue to adversely affect its ability to control costs; ensure basic accountability; anticipate future costs and claims on the budget; measure performance; maintain funds control; prevent and detect fraud, waste, and abuse; and address pressing management issues.

### **Review of Internal Controls**

DOD Instruction 5010.40, "Managers' Internal Control (MIC) Program Procedures," January 4, 2006, defines a material internal control weakness as a reportable condition that is significant enough to report to the next higher level. Material internal control weaknesses were identified in 137 of the 255 reports we reviewed. We are making no recommendations because the recommendations made in the respective individual reports, if implemented, should correct the material weaknesses identified.

# **Audit Coverage of Financial Management Functions**

Between FY 2004 and the end of FY 2008, the DOD OIG Defense Business Operations Directorate issued 255 reports<sup>2</sup> that discussed issues pertaining to financial management. These reports included the financial statement opinion and internal control and compliance with laws and regulations reports required under the CFO Act and other financial-related reports, such as internal control and financial system review. The Defense Business Operations Directorate also reviewed many aspects of DOD's adherence to laws and regulations, specifically the Prompt Payment Act, Improper Payment Act, Antideficiency Act, and the Debt Collections and Improvement Act.

As part of our audit of the FY 2008 DOD Agency-wide financial statements, DOD management acknowledged that 13 previously-identified material weaknesses continued to exist. Therefore, we grouped the deficiencies discussed in the reports by the 13 material weaknesses, as follows:

1. Financial Management Systems
2. Fund Balance with Treasury
3. Accounts Receivable
4. Inventory
5. Operating Materials and Supplies
6. General Property, Plant, and Equipment
7. Government-Furnished Material and Contractor-Acquired Material
8. Accounts Payable
9. Environmental Liabilities
10. Statement of Net Costs
11. Intragovernmental Eliminations
12. Other Accounting Entries
13. Reconciliation of Net Cost of Operations to Budget

In addition to the 13 material weaknesses, we also reported on 3 other issue areas as follows:

1. Inadequate Audit Trails
2. Internal Controls
3. Compliance With Laws and Regulations

Appendix A explains the methodology we used in reviewing these reports and how we determined the issue areas to summarize for this report. Appendix B lists the 33 financial

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<sup>2</sup> The Directorate actually issued 286 reports, but 31 were removed from our analysis because they did not identify findings or were related to acquisition or contracting.

statements for which Congress, OMB or DOD require audits. Appendix C contains a list of the issues areas by report number. Most of the reports identified more than one issue area. Appendix D lists all of the reports discussed in this report and a Web site reference to obtain copies. Each issue area and specific examples of problems identified in individual reports are discussed in the following sections.

## **Material Weaknesses**

Statement on Auditing Standards No. 112, “Communicating Internal Control Related Matters Identified in an Audit,” defines a material weakness as a significant deficiency, or a combination of significant deficiencies, resulting in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.<sup>3</sup> DOD continues to acknowledge the following 13 material weaknesses related to its Agency-wide Financial Statements.

### ***Material Weakness 1. Financial Management Systems***

#### **Criteria**

Statement of Federal Financial Accounting Concepts (SFFAC) No. 1, “Objectives of Federal Financial Reporting,” requires financial management system controls that are adequate to ensure that transactions comply with budgetary and financial laws and other requirements, are consistent with the purposes authorized, and are recorded in accordance with Federal accounting standards. SFFAC No. 1 also requires financial management system controls to ensure that assets are properly safeguarded to deter fraud, waste, and abuse, and that performance measurement information is adequately supported.

#### **Results**

In 131 of the reports, we discussed deficiencies in DOD’s financial management systems. USD(C)/CFO acknowledged that DOD financial management and feeder systems do not substantially comply with Federal financial management system requirements. DOD financial management and feeder systems were not designed to adequately support various material amounts on the financial statements. These deficiencies in financial management and feeder systems, as well as inadequate DOD business processes, prevent DOD from collecting and reporting financial and performance information that is accurate, reliable, and timely. Following are examples of reports related to financial management systems.

- Our audit of the Capital Asset Management System-Military Equipment identified internal control weaknesses that affected processing and reporting of military equipment financial data. The weaknesses found were related to entity-wide security program planning and management, access controls, application software development and change controls, system software, segregation of duties, and service continuity. The deficient controls created system vulnerabilities that

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<sup>3</sup> The term “remote” is defined as when the chance of a future event or events occurring is slight. Therefore, the likelihood of an event is “more than remote” when it is at least reasonably possible.

potentially jeopardize the integrity, confidentiality, and availability of data reported by the Capital Asset Management System-Military Equipment (D-2008-091, May 13, 2008).

- The Army did not accurately and efficiently transfer construction-in-process costs between its accounting and property management systems. As a result, the Army could not ensure the accuracy and completeness of the acquisition costs of its real property assets. Also, the Army expended resources to perform duplicate entry of cost data into its systems. The Army needs to be able to transfer construction costs from the construction agent to the installations that will account for the real property assets. In addition, the Army should develop system capabilities in accounting systems to capture all of the relevant construction costs and send acquisition costs to the property management system when placing assets in service (D-2008-072, March 28, 2008).

## ***Material Weakness 2. Fund Balance with Treasury***

### **Criteria**

Statement of Federal Financial Accounting Standards (SFFAS) No. 1, “Accounting for Selected Assets and Liabilities,” the U.S. Treasury Manual, and DOD Financial Management Regulation 7000.14-R (FMR) require DOD to resolve financial and accounting inconsistencies to accurately report Fund Balance with Treasury.

### **Results**

In 47 of the reports, we discussed deficiencies in DOD’s Fund Balance with Treasury. DOD continues to have inconsistencies related to in-transit disbursements, unmatched disbursements, negative unliquidated obligations, unreconciled differences in suspense accounts, and unreconciled differences between U.S. Treasury records and DOD accounting records. Following are examples of reports related to Fund Balance with Treasury.

- The Disbursing Operations Directorate at the Defense Finance and Accounting Service (DFAS), Indianapolis, did not reconcile the “Statement of Differences-Deposits,” within 2 months as a loss or overage of funds. As a result, there was a risk that actual losses of funds would not be identified in a timely manner and agency managers could overspend or overobligate because they did not have current and accurate information on amounts in their Fund Balance with Treasury accounts. Also, unreconciled differences could impact Fund Balance with Treasury amounts reported in the financial statements (D-2008-052, February 19, 2008).
- The National Geospatial-Intelligence Agency continues to experience difficulties reconciling all transactions posted to the Fund Balance with Treasury general ledger account. These difficulties persist largely because of deficiencies throughout the accounting, reporting, and reconciling processes. Specifically, the Defense Finance and Accounting Service had not established adequate procedures

to identify and record in-transit disbursement and collection transactions, and could not provide complete information, including disbursement voucher numbers, for transactions included on the Cash Management Report and Detail Pile Report (D-2008-044, January 31, 2008).

### ***Material Weakness 3. Accounts Receivable***

#### **Criteria**

According to SFFAS No. 1, “Accounting for Selected Assets and Liabilities,” a receivable should be recognized when a Federal entity establishes a claim to cash or other assets against other entities, based on either legal provisions or goods or services provided.

#### **Results**

In 26 of the reports, we discussed deficiencies in DOD’s accounts receivable. DOD acknowledged that it is unable to accurately record, report, collect, and reconcile intragovernmental accounts receivable as well as accounts receivable due from the public. DOD identified accounts receivable as a material weakness based on its FY 2008 assessment of internal control over financial reporting, as required by OMB Circular A-123, Appendix A. Also, our independent auditor’s reports on internal control for the FY 2008 Navy General Fund (GF) and Working Capital Fund (WCF), Army GF, and the USACE Civil Works revealed accounts receivable to be a material weakness. These Components’ accounts represented approximately 58 percent of the DOD Agency-wide combined accounts receivable balance as of September 30, 2008. Following is an example of a report on accounts receivable.

- DFAS Cleveland performed departmental-level trading partner adjustments valued at \$51.8 million that ultimately impacted the mid-year FY 2005 balance sheet. However, DFAS provided insufficient documentation to support the adjustments or to trace transaction amounts to source data. As a result, auditors were not able to verify \$51.8 million in trading partner adjustments to the accounts receivable balance sheet amount. Inability to document adjustments and transaction amounts significantly impacts the audit readiness of accounts receivable (D-2007-004, October 12, 2006)

### ***Material Weakness 4. Inventory***

#### **Criteria**

SFFAS No. 3, “Accounting for Inventory and Related Property,” requires DOD to use the historical cost, the latest acquisition cost (adjusted for holding gains and losses), or the moving average cost for valuing inventory.

#### **Results**

In 38 of the reports, we discussed deficiencies in DOD’s inventory valuation. DOD acknowledged that the existing inventory value for most activities is not reported in accordance with accounting principles generally accepted in the United States, and

DOD's legacy systems do not maintain the historical cost data necessary to comply with guidance. Also, DOD does not distinguish between Inventory Held for Sale and Inventory Held in Reserve for Future Sale, as required. Following are examples of reports related to inventory.

- The Army Life Cycle Management Commands did not adequately review inventory accounting adjustments or correct the erroneous, missing, or duplicate supply transactions causing discrepancies in inventory balances recorded in the Distribution Standard System and the Army Working Capital supply system. Not reviewing and correcting adjustments results in inaccurate inventory records; distorted reports that inventory managers use to make decisions to buy, repair, and excess material; and unreliable and inaccurate financial reports used to measure the performance of the Army WCF Support Management, Army activity group (D-2008-090, May 13, 2008).
- The inventory reconciliation process at the Defense Logistics Agency did not adequately fulfill DOD financial and operational requirements. Specifically, the automated portion of the process did not accurately select reconciliation items for causative research in accordance with DOD criteria, calculate accurate adjustments, post adjustments reversals to the proper general ledger accounts, and maintain sufficient audit trails. Further, personnel responsible for manual causative research did not perform all required research, consistently perform adequate causative research and post proper adjustments, complete causative research in a timely manner, and request special physical inventories when necessary. The control weaknesses impact the overall integrity of the inventory records that DOD managers rely on for operational mission decisions and financial reporting purposes (D-2008-081, April 25, 2008).

## ***Material Weakness 5. Operating Materials and Supplies***

### **Criteria**

SFFAS No. 3, "Accounting for Inventory and Related Property," states that operating materials and supplies must be expensed when the items are consumed.

### **Results**

In 18 of the reports, we discussed deficiencies in DOD's operating materials and supplies account. DOD has acknowledged that significant amounts of operating materials and supplies were expensed when purchased, instead of when consumed. In addition, DOD cannot accurately report the value of operating materials and supplies, which causes the potential for a misstatement in financial reporting. Following is an example of a report related to operating materials and supplies.

- The Navy Air Systems Command did not accurately report the sponsor-owned material it included in the Navy's FY 2006 Financial Statements. The Navy misclassified the material and overstated its reported value at the four locations we visited. More than \$2.5 million of sponsor-owned material was improperly

classified and reported as operating materials and supplies, including \$1.9 billion of special tooling and test equipment, \$481.6 million of aviation support equipment held for Foreign Military Sales, and \$113.7 million of general support equipment. The Naval Air Systems Command needed to ensure that its financial reporting of sponsor-owned material complied with SFFAS Nos. 3 and 6. Also, it needed to perform a complete reconciliation of its sponsor-owned material inventory amounts recorded in the Real-time Reutilization Asset Management System with the actual amounts of on-hand inventory (D-2007-085, April 23, 2007).

## ***Material Weakness 6. General Property, Plant, and Equipment***

### **Criteria**

SFFAS No. 6, “Accounting for Property, Plant, and Equipment,” requires DOD to record general property, plant, and equipment at acquisition cost, capitalize improvement costs, and recognize depreciation expense.

### **Results**

In 60 of the reports, we discussed deficiencies in DOD’s general property, plant, and equipment. The cost and depreciation of the DOD general property, plant, and equipment are not reliably reported because of (1) an accounting requirement that classified military equipment as general property, plant, and equipment (such costs were previously expensed); (2) a lack of supporting documentation for aged general property, plant, and equipment items; and (3) a failure to integrate most legacy property and logistics systems with acquisition and financial systems. Also, DOD property and logistics systems were not designed to capture acquisition cost and the cost of modifications and upgrades or to calculate depreciation.

DOD has acknowledged that it does not currently meet accounting principles generally accepted in the United States for the financial reporting of personal property and that documentation for personal property is neither accurate nor reliable. In addition, DOD does not have adequate internal controls in place to provide reasonable assurance that real property assets are identified and properly reported in its financial reports. DOD has also acknowledged that its inability to accurately report the value of military equipment increases the risk that the financial statements are materially misstated. Following are examples of reports related to general property, plant, and equipment.

- The Army military equipment baseline values were misstated by at least \$4.2 billion. In addition, the Army could not support ownership of at least 420 military equipment end-items or the completeness of the military equipment program baseline. As a result, the Army could not rely on the baseline to assert that military equipment was ready for audit (D-2008-126, August 29, 2008).
- We could not validate the ending balance of \$8.6 million in land assets reported on the FY 2004 USACE Financial Statements despite available documentation to

support USACE ownership of the land assets. Our FY 2002 sample results showed that USACE could not provide supporting documentation for \$1.78 billion of the \$2.35 billion (76 percent) that represented administrative cost. Further, the remaining costs that made up the statistical sample represented land tract costs that included unsupported costs for land tracts and unsupported values for land assets acquired through donations. In addition, the value of land assets could have been misstated because the ending balance included costs associated with land tracts that were disposed of and did not include costs of reservoirs that were misclassified as buildings and structures. As a result, the ending balance for land assets was not ready for substantive audit testing and audit (D-2005-051, April 6, 2005).

### ***Material Weakness 7. Government-Furnished Material and Contractor-Acquired Material***

#### **Criteria**

SFFAS No. 11, "Amendments to Accounting for Property, Plant, and Equipment," requires that property and equipment in the possession of a contractor for use in accomplishing a contract be considered Government property. Such property should be accounted for based on the nature of the item, regardless of who has possession.

#### **Results**

In nine of the reports, we discussed deficiencies in DOD's government-furnished material and contractor-acquired material. DOD has acknowledged that it is unable to comply with the requirements for government-furnished material and contractor-acquired material. As a result, the value of DOD property and material in the possession of contractors is not reliably reported. Following is an example of a report related to government-furnished material and contractor-acquired material.

- The Space and Naval Warfare Systems Command did not accurately report the amount of its sponsor-owned material located at the Systems Centers. About \$130.7 million of the assets were either misclassified or overstated. Also, about \$84.1 million in assets not owned by Space and Naval Warfare Systems Command were included in the amounts reported. The Space and Naval Warfare Systems Command inventory controls did not ensure that sponsor-owned material was properly reported and updated in a timely manner. In addition, sponsor-owned material was being retained and stored beyond allowable time periods. As a result of these conditions, the Space and Naval Warfare Systems Command was not in compliance with provisions of SFFAS No. 3 as it relates to operating materials and supplies. The Navy also lacked total asset visibility over sponsor-owned material at the Space and Naval Warfare Systems Center Charleston (D2007-048, January 26, 2007).

## **Material Weakness 8. Accounts Payable**

### **Criteria**

According to SFFAS No. 5, “Accounting for Liabilities,” a liability is recognized when one party receives goods or services in return for a promise to provide money or other resources in the future.

### **Results**

In 58 of the reports, we discussed deficiencies in DOD’s accounts payable. DOD acknowledged that it does not meet accounting standards for the financial reporting of public accounts payable. DOD cannot support its accounts payable balances because it lacks standard procedures for recording, reporting, and reconciling the amounts among the financial, accounting, and reporting systems. DOD identified accounts payable as a material weakness based on its FY 2008 assessment of internal control over financial reporting, as required by OMB Circular A-123, Appendix A.

Additionally, our independent auditor’s reports on internal control for the FY 2008 Army GF and WCF, Navy GF and WCF, and the USACE Civil Works, identified accounts payable as a material weakness. These Components represented more than 55 percent of the DOD Agency-wide combined accounts payable balance as of September 30, 2008. Following are examples of reports related to accounts payable.

- DFAS Columbus did not properly identify and value the Military Department accounts payable balances reported in its 742 Report.<sup>4</sup> Specifically, DFAS Columbus inaccurately reported 73 percent of the \$3 billion 742 Report accounts payable balances (\$2.1 billion overstated and \$0.1 billion understated) and did not include at least \$453.9 million of valid accounts payable in the DOD accounts payable balance (D-2008-117, August 14, 2008).
- Accounts payable transactions were not recorded in a timely manner in the DFAS accounting system for the Department of the Navy GF. Specifically, 89 of 199 vendor payment transactions sampled were not recorded in compliance with DOD FMR, which requires establishing the accounts payable on the same day as performance notification is received. The timely establishment of accounts payable transactions would allow for immediate recognition of liabilities. As a result, accounts payable balances totaling \$212.7 million were misstated in the Department of the Navy GF (D-2007-041, January 2, 2007).

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<sup>4</sup> This is also called the “Unmatched Detail Report,” which captures accounts payable balances for goods or services accepted within the last 6 months that are not matched to a contractor invoice.

## ***Material Weakness 9. Environmental Liabilities***

### **Criteria**

DOD FMR, Volume 4, Chapter 13, “Environmental Liabilities,” states that environmental liabilities must be recognized on the financial statements for probable and measurable future outflows or expenditures of resources for environmental cleanup, closure, and disposal actions. The Regulation continues by stating that environmental liabilities are generally accounting estimates because the extent of the costs cannot be determined until completing cleanup and/or disposal operations. Additionally, the organizations preparing the estimates must retain adequate documentation of quality review, estimator and reviewer qualifications, data sources, estimating methodologies, accreditation including the parametric models and internal control procedures.

### **Results**

In 22 of the reports, we discussed deficiencies in DOD’s environmental liabilities. DOD has acknowledged that its internal control for reporting environmental liabilities does not provide reasonable assurance that cleanup costs for all of its ongoing, inactive, closed, and disposal operations are identified, consistently estimated, and appropriately reported. In addition, guidance and audit trails for estimating environmental liabilities are insufficient, and the inventory of ranges and operational activities is incomplete. DOD has also acknowledged uncertainty regarding the accounting estimates used to calculate the reported environmental liabilities. Following is an example of a report related to environmental liabilities.

- The Air Force did not have adequate internal controls over the compilation of cost-to-complete environmental liabilities estimates reported for active and Base Realignment and Closure installations. As a result, cost-to-complete estimates used in support of environmental liabilities and disposal liabilities by the Air Force active and Base Realignment and Closure installations were unreliable (D-2006-062, March 15, 2006).

## ***Material Weakness 10. Statement of Net Costs***

### **Criteria**

SFFAC No. 2, “Entity and Display,” requires the Statement of Net Cost to provide an understanding of the net costs of each organization and each program. In addition, the Statement of Net Cost should provide gross and net cost information that can be related to the amount of outputs and outcomes for the programs and organizations.

### **Results**

In 26 of the reports, we discussed deficiencies in DOD’s Statement of Net Costs. DOD acknowledged the following deficiencies related to the Statement of Net Cost: (1) the amounts presented for the GFs may not report actual accrued costs, (2) although WCFs are generally recorded on an accrual basis, as required by accounting principles generally accepted in the United States, the systems do not always capture actual costs in a timely

manner, (3) the Statement of Net Cost is not presented by program, in alignment with major goals and outputs described in DOD strategic and performance plans as required by the Government Performance and Results Act, and (4) revenues and expenses are reported by appropriation category because financial processes and systems do not collect costs according to performance measures. Although none of the standard audit reports discussed the Statement of Net Costs directly, 26 of the 40 disclaimers cited the issue as one of the internal control weaknesses that led to the disclaimer.

## ***Material Weakness 11. Intragovernmental Eliminations***

### **Criteria**

SFFAS No. 4, “Managerial Cost Accounting Concepts and Standards for the Federal Government,” states that inter-entity expenses or assets and financing sources should be eliminated for any consolidated financial statements covering both entities. Further, the DOD FMR, Volume 6B, Chapter 13, states that all DOD reporting entities are required to report intragovernmental account balances in their financial statements and eliminate appropriate intra-DOD balances. Additionally, the DOD FMR states that eliminating entries must be based on the information provided by the seller or service provider unless a waiver is obtained.

### **Results**

In 25 of the reports, we discussed deficiencies in DOD’s intragovernmental eliminations. DOD disclosed that it cannot accurately identify most of its intragovernmental transactions by customer because DOD systems do not track the buyer and seller data needed to match related transactions. In addition, DOD is unable to fully reconcile intragovernmental transactions with all Federal partners. DOD acknowledged that its inability to reconcile most intragovernmental transactions results in adjustments that cannot be fully supported. Following is an example of a report related to intragovernmental eliminations.

- DOD management has not implemented control activities or internal controls over financial reporting related to accounts payable that effectively correct or compensate for the following deficiencies.
  - Components are unable to identify intragovernmental transactions by customer, the Components cannot ensure that they are properly eliminating or disclosing all intragovernmental accounts payable in the financial statements, and the Components adjust their non-DOD intragovernmental accounts payable amounts to agree to seller-side balances for financial statement reporting. As a result, reported accounts payable balances do not agree with the transaction detail in supporting accounting systems.
  - The actual or constructive receipt or acceptance of goods and services should be the basis for recording accounts payable. Internal controls are not adequate to ensure the Components always follow this policy.
  - Procedures for accounting recognition of unbilled purchases of goods and services are not adequate.

- DOD records and reports accounts payable balances in its financial statements without reconciling to transaction detail in supporting accounting systems.
- Aged Accounts Payable are not reviewed to identify and resolve balances that may no longer be valid or warrant investigation.

DOD will not be able to report accounts payable in compliance with accounting principles generally accepted in the United States without correcting these material internal control weaknesses (D-2007-091, May 4, 2007).

## ***Material Weakness 12. Other Accounting Entries***

### **Criteria**

DOD FMR, Volume 6A, Chapter 2, “Financial Reports, Roles, and Responsibilities,” states that DFAS and DOD Components are required to support accounting adjustments by written documentation sufficiently detailed to provide an audit trail to source transactions that require the adjustments. This documentation is to contain the rationale and justification for the adjustment, detailed numbers and dollar amounts of errors or conditions that relate to the transactions or records that are proposed for adjustment, date of the adjustment, and name and position of the individual approving the adjustment.

### **Results**

In 63 of the reports, we discussed deficiencies in DOD’s other accounting entries. DOD acknowledged that it continues to enter material amounts of unsupported accounting entries. Following are examples of reports related to other accounting entries.

- We audited a sample of 160 journal vouchers processed by DFAS. We identified 37 journal vouchers with a net value of \$4.1 billion as unsupported. We also identified 110 of these journal vouchers with operational control deficiencies. As a result, we estimate that DFAS processed 220 unsupported journal vouchers and 682 journal vouchers with operational control deficiencies (D-2008-084, April 25, 2008).
- DFAS Indianapolis officials did not properly review and approve 102 adjustments for \$1.1 trillion made to the Army financial statement data before closing the accounting records. As a result, DFAS Indianapolis could process erroneous journal vouchers that can only be corrected at the request of USD(C)/CFO and would require the Assistant Secretary of the Army (Financial Management and Comptroller) to reconfirm the statements (D-2008-055, February 22, 2008).

## ***Material Weakness 13. Reconciliation of Net Cost of Operations to Budget***

### **Criteria**

SFFAS No. 7, “Accounting for Revenue and Other Financing Sources,” requires a reconciliation of proprietary and budgetary information to assist users in understanding the relationship between the net cost of operations and the budgetary resources obligated by the entity during the period.

### **Results**

In 24 of the reports, we discussed deficiencies in DOD’s reconciliation of net cost of operations to budget. DOD acknowledged that it is unable to reconcile budgetary obligations to net costs without making unsupported adjustments. Specifically, budgetary data does not agree with proprietary expenses and capitalized assets. DOD made unsupported adjustments of \$7 billion (absolute value) to reconcile obligations to the Statement of Net Cost. While none of the standard audit reports discussed this area directly, 24 of the 40 disclaimers cited the issue as one of the internal control weaknesses that led to the disclaimer.

## **Other Issue Areas**

### ***Other Issue Area 1. Inadequate Audit Trails***

#### **Criteria**

DOD FMR, Volume 6A, Chapter 2, “Financial Reports Roles and Responsibilities,” requires DOD Components to ensure that audit trails are maintained in sufficient detail to permit tracing of transactions from their sources to their transmission to DFAS. The Regulation stresses that audit trails are necessary to demonstrate the accuracy, completeness, and timeliness of a transaction; and that audit trails provide documentary support for all data generated by the DOD Component and submitted to DFAS for recording in the accounting systems and use in financial reports.

#### **Results**

In 138 of the reports, we discussed deficiencies in the DOD’s inadequate audit trails. DOD Components producing financial statements will be paying for audits of those statements. If audit trails are time-consuming to follow, the Component will be paying certified public accounting firms excessive amounts for struggling through an audit trail. Also, a difficult audit trail could cause a disclaimer of opinion, if the auditors could not complete their work in the allotted time. Adequate support would be anything that convinces the auditors that the adjustment or entry was factually correct and was in accordance with accounting principles generally accepted in the United States. Adequate support could include such things as copies of source documents, explanations of rationale, and methodology for accounting estimates. Following are examples of reports related to inadequate auditor trails.

- The Air Force and National Guard Bureau have not corrected previously identified material management control weaknesses involving the tracking and reporting of counterdrug funds. Specifically, the Air Force and National Guard were unable to provide detailed transaction data to support \$279 million of the \$415.4 million counterdrug obligations reported to the Deputy Assistant Secretary of Defense for Counternarcotics, Counterproliferation, and Global Threats for FY 2006. As a result, a sufficient audit trail did not exist to validate the reported obligations (D-2008-061, March 7, 2008).
- The military treatment facilities we visited could not provide sufficient evidence that the Medical Expense and Performance Reporting System contained data that was accurate and complete. None of the facilities followed the accounting principles generally accepted in the United States needed to capture, record, and verify the accuracy of the expenses that those facilities incurred in FY 2005. The military treatment facilities:
  - used multiple accounting and personnel systems to document the cost of labor, supplies, and materials;
  - used cash-based accounting procedures instead of accrual-based accounting procedures to record costs;
  - did not have adequate cut-off procedures for capturing and reporting expenses;
  - did not prepare accounting reports, including a trial balance that would show aggregate costs; and
  - did not document processes that would permit reconciliation of expense data to accounting system and financial data.

Finally, the military treatment facilities were not able to produce source documents to fully support hours worked (D-2007-073, March 21, 2007).

## ***Other Issue Area 2. Internal Controls***

### **Criteria**

DOD Directive 5010.38, “Management Control Program,” requires DOD Components to implement a comprehensive strategy for management controls that provides reasonable assurance that “... programs and administrative and operating functions are efficiently and effectively carried out in accordance with applicable law and management policy.” The management control process should be integrated into the daily management practices of all DOD managers. When developing the Management Control Program, DOD managers should rely on all contributing information sources, including audits.

### **Results**

In 251 of the reports, we discussed deficiencies in the DOD’s internal controls. Following are examples of reports related to internal controls.

- The Missile Defense Agency did not have adequate internal controls over governmental purchases. Specifically, the Missile Defense Agency did not properly manage the outgoing and incoming military interdepartmental purchase request processes. The internal controls were inadequate because the Missile Defense Agency did not follow applicable military interdepartmental purchase request regulations. As a result, the Missile Defense Agency personnel could not ensure that all purchases were in the best interest of the Government and complied with Federal, DOD, and the Missile Defense Agency regulations as well as public law (D-2007-117, August 20, 2007).
- Internal control was not effective to ensure that transactions processed in the acquisition of goods and services were properly accounted for in Air Force accounting records. Specifically, all transactions were not recognized, posted, subject to edit checks to ensure compliance with laws and regulations, and traceable to supporting documentation. As a result, the risk was high that periodic reports and annual financial statements were unreliable and materially misstated in FY 2003 and FY 2004. Left uncorrected, the internal control weaknesses could affect future reports, adversely affecting those who use the reports in their decision-making (D-2007-059, February 9, 2007).

### ***Other Issue Area 3. Compliance With Laws and Regulations***

#### **Results**

In 238 of the reports, we discussed deficiencies in DOD's compliance with laws and regulations. Following are examples of reports related to compliance with laws and regulations.

- DFAS Columbus Debt Management Office reports and manages contractor debts in the Contract Debt System. The Debt Management Office did not have adequate controls to ensure debt files were processed in accordance with the Debt Collection and Improvement Act of 1996 and other pertinent guidance. Specifically, it did not require taxpayer identification numbers, did not appropriately transfer debt files to the Department of the Treasury, and did not adequately safeguard debt file records. As a result, the Debt Management Office was not fully compliant with the Debt Collection and Improvement Act of 1996, Federal Acquisition Regulations, and DOD FMR. This hinders the Debt Management Office's ability to collect Department of the Navy public debt and properly report accounts receivable balances (D-2008-046, February 6, 2008).
- We substantiated the allegation that the DFAS Dayton Network did not always pay invoices in accordance with the Prompt Payment Act. For 61 of the 75 invoices in our judgmental sample, the offices in the DFAS Dayton Network did not use the proper payment information, including the receipt date and the proper payment terms that are required by the Prompt Payment Act. As a result, the DFAS Dayton Network made \$91,673 in interest errors on 42 of those 61 invoices. The errors

were related to interest lost when DFAS Dayton Network made payments earlier than allowable by the Prompt Payment Act and when it overpaid or underpaid the interest due to the contractor for the late payment. There is an additional risk that DFAS Dayton Network will continue to overpay and underpay interest to contractors and will continue to pay invoices earlier than allowed by the Act, which can result in further interest lost to the Government (D-2007-061, March 1, 2007).

## **Summary**

Despite efforts and limited progress toward auditable financial statements, DOD still struggles with material control weaknesses that make the financial data unreliable. Until these and any other still unidentified material weaknesses are resolved, DOD will not be able to meet its goal of an unqualified (clean) audit opinion.

# **Appendix A. Scope and Methodology**

This non-audit service report summarizes 255 final audit reports issued by the DOD OIG Defense Business Operations Directorate from FY 2004 through FY 2008. Based on the audit objectives, scope, and conclusions, these 255 reports discussed issues that pertained to financial management within DOD.

We reviewed the findings, conclusions, and recommendations contained in these 255 reports; however, we did not review the supporting documentation from any of these reports. We grouped the deficiencies discussed in the reports by the 13 previously-identified material weaknesses, as follows:

1. Financial Management Systems
2. Fund Balance with Treasury
3. Accounts Receivable
4. Inventory
5. Operating Materials and Supplies
6. General Property, Plant, and Equipment
7. Government-Furnished Material and Contractor-Acquired Material
8. Accounts Payable
9. Environmental Liabilities
10. Statement of Net Costs
11. Intragovernmental Eliminations
12. Other Accounting Entries
13. Reconciliation of Net Cost of Operations to Budget

In addition to the 13 material weaknesses, we also reported on 3 other issue areas, as follows:

1. Inadequate Audit Trails
2. Internal Controls
3. Compliance With Laws and Regulations

## **Use of Computer-Processed Data**

We did not use computer-processed data to perform this review.

## **Prior Coverage**

During the last 5 years, the DOD OIG did not issue any summary reports on financial management.

## Appendix B. Required Audits

<b>Financial Statement Reporting Entity</b>	<b>Audit Required By</b>
Defense Agency-wide	CFO Act/OMB
Army General Fund (GF)	CFO Act/OMB
Army Working Capital Fund (WCF)	CFO Act/OMB
Navy GF	CFO Act/OMB
Navy WCF	CFO Act/OMB
Air Force GF	CFO Act/OMB
Air Force WCF	CFO Act/OMB
Military Retirement Fund	CFO Act/OMB
U.S. Army Corps of Engineers	CFO Act/OMB
Defense Intelligence Agency	Senate Select Committee on Intelligence
National Reconnaissance Office	Senate Select Committee on Intelligence
National Geospatial-Intelligence Agency	Senate Select Committee on Intelligence
National Security Agency	Senate Select Committee on Intelligence
Medicare-Eligible Retiree Health Care Fund	DOD
Defense Logistics Agency GF	DOD
Defense Logistics Agency WCF	DOD
Defense Financial Accounting Service GF	DOD
Defense Financial Accounting Service WCF	DOD
Defense Information Systems Agency GF	DOD
Defense Information Systems Agency WCF	DOD
Defense Contract Audit Agency	DOD
Missile Defense Agency	DOD
Defense Advanced Research Projects Agency	DOD
Defense Commissary Agency GF	DOD
Defense Commissary Agency WCF	DOD
Defense Security Service GF	DOD
Defense Threat Reduction Agency	DOD
United States Special Operations Command	DOD
Tricare Management Activity	DOD
Service Medical Activity	DOD
United States Marine Corps GF	DOD
United States Marine Corps WCF	DOD
Chemical and Biological Defense	DOD

## Appendix C. Issue Areas by Audit Report

Report Number	Type of Report	Financial Management Systems	Fund Balance with Treasury	Accounts Receivable	Inventory	Operating Materials and Supplies	General Property, Plant, and Equipment	Government-Furnished Material and Contractor-Acquired Material	Accounts Payable	Environmental Liabilities	Statement of Net Costs	Intragovernmental Eliminations	Other Accounting Entries	Reconciliation of Net Cost of Operations to Budget	Internal Controls	Compliance With Laws and Regulations	Audit Trails
D-2008-139		X												X	X	X	
D-2008-138		X												X	X	X	
D-2008-132	FOUO	X						X						X	X		
D-2008-126		X				X								X	X		
D-2008-123			X											X			
D-2008-121			X											X			
D-2008-117		X							X					X	X		
D-2008-109	FOUO	X												X	X	X	
D-2008-108														X			
D-2008-106														X	X	X	
D-2008-105															X		
D-2008-103						X								X	X	X	
D-2008-102		X				X			X					X	X	X	
D-2008-101		X												X	X		
D-2008-098									X					X	X	X	
D-2008-096									X					X	X		
D-2008-093									X					X	X		
D-2008-092		X		X										X			
D-2008-091		X				X								X	X		
D-2008-090		X		X									X	X	X		
D-2008-085														X	X		
D-2008-084														X	X	X	
D-2008-083														X	X		
D-2008-081		X		X										X	X	X	X
D-2008-080														X	X		
D-2008-079														X	X		
D-2008-077	FOUO	X												X	X		
D-2008-074						X								X	X		
D-2008-072		X				X								X	X	X	
D-2008-069				X										X			
D-2008-063		X							X					X	X		
D-2008-061														X	X	X	X
D-2008-055														X	X	X	
D-2008-053														X	X	X	X
D-2008-052		X	X											X	X	X	
D-2008-049		X													X		
D-2008-046				X					X					X	X	X	
D-2008-044				X										X	X	X	
D-2008-043		X							X					X	X		
D-2008-042						X								X	X		

Report Number	Type of Report	Financial Management Systems	Fund Balance with Treasury	Accounts Receivable	Inventory	Operating Materials and Supplies	General Property, Plant, and Equipment	Government-Furnished Material and Contractor-Acquired Material	Accounts Payable	Environmental Liabilities	Statement of Net Costs	Intragovernmental Eliminations	Other Accounting Entries	Reconciliation of Net Cost of Operations to Budget	Internal Controls	Compliance With Laws and Regulations	Audit Trails
D-2008-041		X												X	X		
D-2008-040		X												X	X		
D-2008-031		X												X	X		
D-2008-025														X	X	X	
D-2008-008			X										X	X	X	X	
D-2008-006		X												X	X	X	
D-2008-005	Classified	X							X				X	X	X		
D-2008-003		X	X											X	X	X	
D-2008-002		X												X	X	X	
D-2008-001														X		X	
D-2007-133		X												X	X	X	
D-2007-129														X	X	X	
D-2007-122							X							X	X	X	
D-2007-121														X	X	X	
D-2007-120														X	X	X	
D-2007-117														X	X		
D-2007-114		X												X	X	X	
D-2007-113	FOUO														X		
D-2007-110									X					X	X		
D-2007-109														X	X	X	
D-2007-102														X	X		
D-2007-101		X												X	X		
D-2007-098			X										X	X	X	X	
D-2007-097			X										X	X	X		
D-2007-096	FOUO	X												X	X	X	
D-2007-095	FOUO							X						X	X		
D-2007-094	FOUO													X	X	X	
D-2007-093														X	X	X	
D-2007-091		X							X					X	X	X	
D-2007-088														X			
D-2007-087		X												X	X	X	
D-2007-086	Classified		X										X	X	X		
D-2007-085				X	X	X								X	X	X	
D-2007-083									X					X	X		
D-2007-082		X												X	X		
D-2007-081														X	X		
D-2007-077		X							X					X	X		
D-2007-075														X	X		
D-2007-073		X												X	X	X	
D-2007-071			X											X	X	X	

Report Number	Type of Report	Financial Management Systems	Fund Balance with Treasury	Accounts Receivable	Inventory	Operating Materials and Supplies	General Property, Plant, and Equipment	Government-Furnished Material and Contractor-Acquired Material	Accounts Payable	Environmental Liabilities	Statement of Net Costs	Intragovernmental Eliminations	Other Accounting Entries	Reconciliation of Net Cost of Operations to Budget	Internal Controls	Compliance With Laws and Regulations	Audit Trails
D-2007-065		X												X	X	X	
D-2007-063													X	X	X		
D-2007-062														X	X		
D-2007-061								X						X	X		
D-2007-059		X												X	X	X	
D-2007-058			X											X	X	X	
D-2007-057	FOUO	X												X	X	X	
D-2007-056		X												X	X	X	
D-2007-052														X	X	X	
D-2007-048				X	X	X								X	X		
D-2007-041										X				X	X	X	
D-2007-040		X												X	X		
D-2007-035										X				X	X		
D-2007-029	Classified	X				X								X	X	X	
D-2007-028			X											X	X		
D-2007-027										X				X	X		
D-2007-024		X												X	X	X	
D-2007-022		X												X	X		
D-2007-009					X									X		X	
D-2007-004		X	X	X									X	X	X		
D-2007-003			X											X	X		
D-2006-124														X	X	X	
D-2006-120			X											X	X	X	
D-2006-119														X		X	
D-2006-118														X	X	X	
D-2006-114		X	X											X		X	
D-2006-113															X		X
D-2006-112													X		X	X	
D-2006-108														X	X		
D-2006-107	FOUO	X												X	X		
D-2006-102														X	X		
D-2006-094										X				X	X		
D-2006-092													X		X	X	
D-2006-086	FOUO	X												X	X	X	
D-2006-085										X				X	X		
D-2006-081	Classified	X	X											X	X	X	
D-2006-076										X				X	X		
D-2006-074	FOUO	X												X	X	X	
D-2006-072									X					X	X	X	
D-2006-069	FOUO	X												X	X		

Report Number	Type of Report	Financial Management Systems	Fund Balance with Treasury	Accounts Receivable	Inventory	Operating Materials and Supplies	General Property, Plant, and Equipment	Government-Furnished Material and Contractor-Acquired Material	Accounts Payable	Environmental Liabilities	Statement of Net Costs	Intragovernmental Eliminations	Other Accounting Entries	Reconciliation of Net Cost of Operations to Budget	Internal Controls	Compliance With Laws and Regulations	Audit Trails
D-2006-068		X												X	X		
D-2006-064		X												X	X		
D-2006-063														X	X		
D-2006-062									X					X	X		
D-2006-057	Classified	X	X			X		X				X		X	X	X	
D-2006-056				X										X	X		
D-2006-054												X		X	X		
D-2006-050														X	X	X	
D-2006-049														X	X	X	
D-2006-048	FOUO	X												X	X	X	
D-2006-047														X	X	X	
D-2006-046	FOUO	X												X	X		
D-2006-043														X	X		
D-2006-039			X											X	X	X	
D-2006-038															X		
D-2006-037		X												X	X		
D-2006-034														X	X		
D-2006-033		X												X	X		
D-2006-031	FOUO	X												X	X		
D-2006-030	FOUO	X												X	X		
D-2006-025														X	X	X	
D-2006-013												X		X			
D-2006-012														X	X	X	
D-2006-011			X											X		X	
D-2006-009							X							X	X	X	
D-2006-008		X												X	X	X	
D-2005-114		X					X							X	X	X	
D-2005-112							X							X	X	X	
D-2005-108		X	X	X		X		X						X	X	X	
D-2005-106		X												X	X	X	
D-2005-105		X												X	X	X	
D-2005-104		X												X	X	X	
D-2005-103														X	X		
D-2005-102		X	X											X	X	X	
D-2005-101								X						X	X		
D-2005-100								X						X	X		
D-2005-097	Classified	X												X	X	X	
D-2005-093	FOUO	X												X	X		
D-2005-092		X												X	X	X	
D-2005-075														X	X	X	

<b>Report Number</b>	<b>Type of Report</b>	Financial Management Systems	Fund Balance with Treasury	Accounts Receivable	Inventory	Operating Materials and Supplies	General Property, Plant, and Equipment	Government-Furnished Material and Contractor-Acquired Material	Accounts Payable	Environmental Liabilities	Statement of Net Costs	Intragovernmental Eliminations	Other Accounting Entries	Reconciliation of Net Cost of Operations to Budget	Internal Controls	Compliance With Laws and Regulations	Audit Trails
D-2005-074	Classified							X					X		X		
D-2005-069	FOUO	X											X	X			
D-2005-065	FOUO												X				
D-2005-062			X				X						X	X			
D-2005-061													X	X			
D-2005-059		X					X						X	X	X		
D-2005-051						X							X	X	X		
D-2005-047													X	X	X		
D-2005-046						X							X	X			
D-2005-040													X	X	X		
D-2005-036													X	X			
D-2005-035						X							X	X			
D-2005-026			X										X	X	X		
D-2005-022													X	X	X		
D-2005-008													X	X	X		
D-2005-007								X					X	X			
D-2005-004									X				X	X			
D-2005-003													X	X			
D-2005-001		X											X	X			
D-2004-118			X										X	X			
D-2004-115	FOUO												X	X			
D-2004-114	FOUO												X				
D-2004-107													X		X		
D-2004-106			X										X	X			
D-2004-099	Classified	X	X										X	X	X		
D-2004-098	FOUO												X				
D-2004-092						X							X	X	X		
D-2004-084													X	X	X		
D-2004-079	Classified					X							X	X	X		
D-2004-075	Classified	X											X	X	X		
D-2004-063						X							X	X	X		
D-2004-059												X		X			
D-2004-058													X	X			
D-2004-051													X	X			
D-2004-044		X											X	X	X		
D-2004-042	Classified												X	X	X		
D-2004-041		X											X	X			
D-2004-023		X	X										X	X	X		
D-2004-017						X							X	X	X		
D-2004-004		X											X	X	X		

Report Number	Type of Report	Financial Management Systems	Fund Balance with Treasury	Accounts Receivable	Inventory	Operating Materials and Supplies	General Property, Plant, and Equipment	Government-Furnished Material and Contractor-Acquired Material	Accounts Payable	Environmental Liabilities	Statement of Net Costs	Intragovernmental Eliminations	Other Accounting Entries	Reconciliation of Net Cost of Operations to Budget	Internal Controls	Compliance With Laws and Regulations	Audit Trails
Opinions																	
D-2008-076	Opinion	X	X	X			X		X					X	X	X	
	FOUO																
D-2008-068	Opinion	X												X	X		
D-2008-035	Opinion	X											X	X	X		
D-2008-018	Opinion	X											X	X			
	FOUO																
D-2007-074	Opinion	X												X	X	X	
	FOUO																
D-2007-037	Opinion									X				X	X		
D-2007-019	Opinion	X												X	X	X	
D-2007-017	Opinion	X											X	X	X		
	FOUO																
D-2006-045	Opinion	X												X	X		
D-2006-023	Opinion	X												X	X		
D-2006-021	Opinion	X											X	X	X		
	FOUO																
D-2005-032	Opinion	X		X										X	X		
	FOUO																
D-2005-031	Opinion	X												X	X	X	
D-2005-019	Opinion	X												X	X		
D-2005-018	Opinion	X												X	X		
Disclaimers																	
D-2008-023	Opinion	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
D-2008-021	Opinion	X	X	X	X		X		X	X	X	X	X	X	X	X	X
D-2008-020	Opinion	X		X		X		X	X	X	X	X	X	X	X	X	X
D-2008-017	Opinion	X	X	X	X		X		X	X	X	X	X	X	X	X	X
D-2008-016	Opinion	X	X	X	X		X		X	X	X	X	X	X	X	X	X
D-2008-015	Opinion	X	X	X	X		X		X				X	X	X	X	X
D-2008-014	Opinion	X	X	X	X		X		X	X	X	X	X	X	X	X	X
D-2008-011	Opinion	X		X	X	X					X	X		X	X	X	X
D-2008-010	Opinion	X	X		X	X		X	X	X	X	X	X	X	X	X	X
D-2007-020	Opinion	X	X		X	X	X		X	X	X	X	X	X	X	X	X
D-2007-018	Opinion	X	X	X	X		X		X	X	X	X	X	X	X	X	X
D-2007-015	Opinion	X		X	X	X					X	X		X	X	X	X
D-2007-014	Opinion	X				X	X	X	X	X	X	X	X	X	X	X	X
D-2007-013	Opinion	X		X		X		X	X	X	X	X	X	X	X	X	X
D-2007-012	Opinion	X	X	X	X			X			X		X		X	X	X
D-2007-011	Opinion	X	X	X	X		X		X	X		X		X	X	X	X
D-2006-022	Opinion	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Report Number	Type of Report	Financial Management									
		Financial Systems	Fund Balance with Treasury	Accounts Receivable	Inventory	Operating Materials and Supplies	General Property, Plant, and Equipment	Government-Furnished Material and Contractor-Acquired Material	Accounts Payable	Environmental Liabilities	Statement of Net Costs
D-2006-020	Opinion	X	X	X		X			X		
D-2006-019	Opinion	X		X	X				X	X	X
D-2006-018	Opinion	X			X			X	X	X	X
D-2006-017	Opinion	X	X	X	X	X	X			X	X
D-2006-016	Opinion	X	X	X		X	X			X	X
D-2006-015	Opinion	X	X	X	X	X	X	X	X	X	X
D-2006-014	Opinion	X		X		X	X	X	X	X	X
D-2005-017	Opinion	X	X		X	X	X	X	X		X
D-2005-016	Opinion	X				X	X			X	X
D-2005-015	Opinion	X		X	X			X	X	X	X
D-2005-014	Opinion	X			X	X		X	X	X	X
D-2005-013	Opinion	X	X	X	X	X	X			X	X
D-2005-012	Opinion	X	X	X	X	X	X				X
D-2005-011	Opinion	X	X	X	X	X	X	X	X	X	X
D-2005-010	Opinion	X		X		X	X	X	X	X	X
D-2004-036	Opinion	X	X	X	X	X	X	X	X	X	X
D-2004-032	Opinion					X	X			X	X
D-2004-031	Opinion	X									X
D-2004-030	Opinion	X									X
D-2004-029	Opinion	X		X		X	X	X	X	X	X
D-2004-028	Opinion	X	X	X	X	X	X	X	X	X	X
D-2004-027	Opinion	X	X	X	X	X	X	X	X	X	X
D-2004-026	Opinion	X	X		X	X	X	X	X	X	X

## **Appendix D. DOD Office of Inspector General Reports**

The DOD OIG issued 255 audit reports that covered some aspect of financial management functions within the Military Departments and Defense agencies. To obtain electronic copies of DOD OIG reports, please visit <http://www.dodig.mil/audit/reports/index.html>. Following is a listing of the reports.

D-2008-139, “Defense Civilian Pay System Controls Placed in Operation and Tests of Operating Effectiveness for the Period October 1, 2007, through March 31, 2008,” September 30, 2008

D-2008-138, “Defense Information Systems Agency Controls Over the Center for Computing Services Placed in Operation and Tests of Operating Effectiveness for the Period April 1, 2007, through March 31, 2008,” September 30, 2008

D-2008-132, “Ocean Freight Transportation Payments Using PowerTrack,” September 26, 2008

D-2008-126, “Internal Controls Over the Army Military Equipment Baseline Valuation Effort,” August 29, 2008

D-2008-123, “Internal Controls Over Navy General Fund, Cash and Other Monetary Assets Held Outside of the Continental United States,” August 26, 2008

D-2008-121, “Internal Controls for Air Force General Fund Cash and Other Monetary Assets,” August 18, 2008

D-2008-117, “Accuracy of Mechanization of Contract Administration Services Accounts Payable Information,” August 14, 2008

D-2008-109, “Controls and Compliance of the Joint Personnel Adjudication System,” July 21, 2008

D-2008-108, “Agreed-Upon Procedures Related to the 10th Edition of the Army Chief Financial Officers Strategic Plan,” July 18, 2008

D-2008-106, “U.S. European Command Headquarters Government Purchase Card Controls,” August 21, 2008 (Reissued)

D-2008-105, “Defense Emergency Response Fund,” June 20, 2008

D-2008-103, “Memorandum Report on Internal Controls Over the U.S. Special Operations Command Military Equipment Baseline Valuation Effort,” June 13, 2008

- D-2008-102, "Status of Prior Recommendations Related to the Defense Intelligence Agency Financial Statements," June 17, 2008
- D-2008-101, "General Controls Over the Standard Accounting, Budgeting, and Reporting System (SABRS)," June 6, 2008
- D-2008-098, "Internal Controls Over Payments Made in Iraq, Kuwait and Egypt," May 22, 2008
- D-2008-096, "Identification and Reporting of Improper Payments by the Defense Logistics Agency," May 20, 2008
- D-2008-093, "Processing of Deceased Retired Military Members' Suspended Accounts," May 14, 2008
- D-2008-092, "Controls Over Department of the Navy Working Capital Fund Inventory Stored at Non-Defense Logistics Agency Organizations," May 13, 2008
- D-2008-091, "General Controls of the Capital Asset Management System-Military Equipment," May 13, 2008
- D-2008-090, "Controls Over Reconciling Army Working Capital Fund Inventory Records," May 13, 2008
- D-2008-085, "Independent Auditor's Report on the FY 2007 Performance Summary Report for DOD National Drug Control Program Activities," May 2, 2008
- D-2008-084, "Journal Vouchers Processed by the Defense Finance and Accounting Service for the Navy Working Capital Fund," April 25, 2008
- D-2008-083, "Obligation of Funds for Ship Maintenance and Repair at the U.S. Fleet Forces Command Regional Maintenance Centers," April 25, 2008
- D-2008-081, "Controls Over the Reconciliation of Defense Logistics Agency Non-Energy Inventory Balances," April 25, 2008
- D-2008-080, "DOD Accounting to Support DOD Personnel During Times of Civil Emergency," April 25, 2008
- D-2008-079, "Management of Incremental Funds on the Air Force Research, Development, Test and Evaluation Contracts," April 8, 2008
- D-2008-077, "United States Army Corps of Engineers Financial Management System," April 8, 2008

D-2008-076, “Independent Auditor’s Report on the U.S. Army Corps of Engineers, Civil Works, FY 2007 Basic Financial Statements,” March 31, 2008

D-2008-074, “Memorandum Report on Internal Controls Over the Air Force Military Equipment Baseline Valuation Effort,” April 1, 2008

D-2008-072, “Controls Over Army Real Property Financial Reporting,” March 28, 2008

D-2008-069, “Controls Over Army Working Capital Fund Inventory Stored by Organizations Other Than Defense Logistics Agency,” March 28, 2008

D-2008-068, “Endorsement of the Deloitte and Touche LLP Management Letter on the FY 2007 Military Retirement Fund Financial Statements Opinion Audit,” March 26, 2008

D-2008-063, “Vendor Pay Disbursement Cycle, Air Force General Fund,” March 12, 2008

D-2008-061, “Controls Over Funds Used by the Air Force and National Guard Bureau for the National Drug Control Program,” March 7, 2008

D-2008-055, “Internal Controls over FY 2007 Army Adjusting Journal Vouchers,” February 22, 2008

D-2008-053, “Defense Finance and Accounting Service Kansas City Federal Managers’ Financial Integrity Act, Federal Financial Management Improvement Act, and Federal Information Security Management Act Reporting for FY 2005,” February 19, 2008

D-2008-052, “Disbursing Operations Directorate at Defense Finance and Accounting Service Indianapolis Operations,” February 19, 2008

D-2008-049, “Internal Controls Over Army Selective Reenlistment Bonuses,” February 13, 2008

D-2008-046, “Defense Finance and Accounting Service Compliance with the Debt Collection and Improvement Act of 1996 for Department of the Navy,” February 6, 2008

D-2008-044, “Adequacy of Procedures for Reconciling Fund Balance with Treasury at the National Geospatial-Intelligence Agency,” January 31, 2008

D-2008-043, “Identification and Reporting of Improper Payments – Refunds from DOD Contractors,” January 31, 2008

D-2008-042, “Reporting of Contract Financing Interim Payments on the DOD Financial Statements,” January 31, 2008

D-2008-041, “Management of the General Fund Enterprise Business System,” January 14, 2008

D-2008-040, “Defense Retiree and Annuitant Pay System and the Deployable Disbursing System Compliance with the Defense Business Transformation System Certification Criteria,” January 4, 2008

D-2008-035, “Endorsement of the Qualified Opinions on the Fiscal Year 2007 and 2006 (Restated) DOD Medicare-Eligible Retiree Health Care Fund Financial Statements,” December 13, 2007

D-2008-031, “Standard Accounting and Reporting System Compliance with Defense Business Transformation System Certification Criteria,” December 10, 2007

D-2008-025, “Internal Controls over DOD of Defense Transit Subsidy Program within the National Capital Region,” November 23, 2007

D-2008-023, “Independent Auditor’s Report on the FY 2007 Department of Defense Financial Statements,” November 12, 2007

D-2008-021, “Independent Auditor’s Report on the FY 2007 Army General Fund Financial Statements,” November 9, 2007

D-2008-020, “Independent Auditor’s Report on the FY 2007 Army Working Capital Fund Financial Statements,” November 9, 2007

D-2008-018, “Endorsement of the Unqualified Opinion on the FY 2007 DOD Military Retirement Fund Financial Statements,” December 13, 2007

D-2008-017, “Independent Auditor’s Report on the Fiscal Year 2007 Navy Working Capital Fund-Marine Corps Financial Statements,” November 8, 2007

D-2008-016, “Independent Auditor’s Report on the Fiscal Year 2007 United States Marine Corps General Fund Financial Statements,” November 8, 2007

D-2008-015, “Independent Auditor’s Report on Department of the Navy Working Capital Fund FY 2007 Financial Statements,” November 8, 2007

D-2008-014, “Independent Auditor’s Report on the FY 2007 Department of the Navy General Fund Financial Statements,” November 8, 2007

D-2008-011, “Independent Auditor’s Report on the FY 2007 Air Force Working Capital Fund Financial Statements,” November 8, 2006

D-2008-010, “Independent Auditor’s Report on the FY 2007 Air Force General Fund Financial Statements,” November 8, 2006

D-2008-008, “Defense Finance and Accounting Service Columbus Processes for Consolidating and Compiling Other Defense Organizations Financial Data,” October 30, 2007

D-2008-006, “Automated Time Attendance and Production System’s Compliance with the Defense Business Transformation System Certification Criteria,” October 26, 2007

D-2008-005, “National Security Agency Accounts Payable,” October 23, 2007

D-2008-003, “Auditability Assessment of the Defense Intelligence Agency Fund Balance with Treasury and Appropriations Received,” October 16, 2007

D-2008-002, “DOD Salary Offset Program,” October 9, 2007

D-2008-001, “Government Purchase Card Controls at DOD Schools in Korea,” October 11, 2007

D-2007-133, “Defense Civilian Pay System Controls Placed in Operation and Tests of Operating Effectiveness for the Period of July 1, 2006, Through June 30, 2007,” September 28, 2007

D-2007-129, “Civilian Payroll and Withholding Data For FY 2007,” September 28, 2007

D-2007-122, “Report of Marine Corps Internal Controls Over Military Equipment Funds,” September 11, 2007

D-2007-121, “Emergency Supplemental Appropriations for DOD Needs Arising From Hurricane Katrina at Selected DOD Components,” September 12, 2007

D-2007-120, “U.S. Pacific Command Headquarters Government Purchase Card Controls,” August 29, 2007

D-2007-117, “Missile Defense Agency Purchases for and from Governmental Sources,” August 20, 2007

D-2007-114, “DOD Garnishment Program,” July 19, 2007

D-2007-113, “Consolidation of Boeing Pension Accounting Records for Business Acquisitions,” July 18, 2007

D-2007-110, “Identification and Reporting of Improper Payments through Recovery Auditing,” July 9, 2007

D-2007-109, “Special Operations Command Governmental Purchases,” July 9, 2007

D-2007-102, “Air Force Host and Tenant Agreements Between the 50th Space Wing, the Joint National Integration Center, and Tenants,” May 22, 2007

D-2007-101, “DFAS Corporate Database/DFAS Corporate Warehouse Compliance with the Defense Business Transformation Certification Criteria,” May 18, 2007

D-2007-098, “Use and Control of Intragovernmental Purchases at the Defense Intelligence Agency,” May 18, 2007

D-2007-097, “Controls Over Military Personnel, Army Appropriation Permanent Change of Station Travel Advances and Suspense Accounts,” May 16, 2007

D-2007-096, “Information Assurance Controls for the Defense Civilian Pay System,” May 14, 2007

D-2007-095, “Consolidation of Raytheon Pension Accounting Records for Selected Business Acquisitions,” May 14, 2007

D-2007-094, “Consolidation of Lockheed Martin Pension Accounting Records for Selected Business Acquisitions,” May 14, 2007

D-2007-093, “DOD Compliance with the Federal Managers’ Financial Integrity Act of 1982,” May 8, 2007

D-2007-091, “Memorandum Report on Assessment of Defense Accounts Payable Compliance with Generally Accepted Accounting Principles,” May 7, 2007

D-2007-088, “Special Army Reports Prepared by Defense Finance and Accounting Service Indianapolis Operations,” April 27, 2007

D-2007-087, “Internal Controls over Army General Fund Transactions Processed by the Business Enterprise Information Services,” April 25, 2007

D-2007-086, “Incoming Reimbursable Orders for the National Security Agency,” April 24, 2007

D-2007-085, “Reporting of Navy Sponsor Owned Material Stored at the Naval Air Systems Command Activities,” April 23, 2007

D-2007-083, “Transition Expenditures for DOD Personnel Security Investigations for FY 2005,” April 10, 2007

D-2007-082, “Defense Information Systems Agency Controls over the Center for Computing Services,” April 9, 2007

D-2007-081, “Financial Management of Hurricane Katrina Relief Efforts at the U.S. Army Corps of Engineers,” April 6, 2007

D-2007-077, “Timeliness of Payments for Reenlistment Bonuses in the Army,” March 28, 2007

D-2007-075, “Department of the Army Purchases from Governmental Sources,” March 22, 2007

D-2007-074, “Endorsement of the Deloitte & Touche LLP Management Letter on FY 2006 Military Retirement Fund Financial Statements,” March 21, 2007

D-2007-073, “Financial Data Processed by the Medical Expense and Performance Reporting System,” March 21, 2007

D-2007-071, “Air Force General Fund Disbursements as Reported in the Statement of Budgetary Resources,” March 15, 2007

D-2007-065, “Controls Over the Prevalidation of DOD Commercial Payments,” March 02, 2007

D-2007-063, “Agreed-Upon Procedures Covering the Financial Reporting for Nonappropriated Fund Instrumentalities and Related Activities,” March 1, 2007

D-2007-062, “Department of the Navy Purchases for and from Governmental Sources,” February 28, 2007

D-2007-061, “Defense Finance and Accounting Service Dayton Network Compliance with the Prompt Payment Act,” March 1, 2007

D-2007-059, “Vendor Pay Disbursement Cycle, Air Force General Fund: Financial Accounting,” February 9, 2007

D-2007-058, “Controls over the Army, General Fund, Fund Balance With Treasury Journal Voucher Adjustments,” February 8, 2007

D-2007-057, “Use and Controls over Military Interdepartmental Purchase Requests at the National Geospatial-Intelligence Agency,” February 13, 2007

D-2007-056, “Integrated Accounts Payable System Compliance with the Defense Business Transformation System Certification Criteria,” February 7, 2007

D-2007-052, “Independent Auditor’s Report on the DOD FY 2006 Detailed Report of the Funds Obligated for National Drug Control Program Activities,” January 29, 2007

D-2007-048, “Reporting of Navy Sponsor Owned Material Stored at the Space and Naval Warfare Systems Centers,” January 26, 2007

D-2007-041, “Navy General Fund Vendor Payments Processed by Defense Finance and Accounting Service,” January 2, 2007

D-2007-040, “The General and Application Controls over the Financial Management System at the Military Sealift Command,” January 2, 2007

D-2007-037, “Endorsement of the Management Letter on Internal Controls over Financial Reporting for the FY 2006 DOD Medicare-Eligible Retiree Health Care Fund Financial Statements,” December 19, 2006

D-2007-035, “FY2006 Air Force Basic Allowance for Housing,” December 14, 2006

D-2007-028, “Audit of Controls Over Army Cash and Other Monetary Assets,” November 24, 2006

D-2007-027, “Vendor Pay Disbursement Cycle, Air Force General Fund: Payments to Vendors,” November 24, 2006

D-2007-024, “Management and Use of the Defense Travel System,” November 13, 2006

D-2007-022, “Defense Information Systems Agency Controls of the Center for Computing Services Placed in Operation and Tests of Operating Effectiveness for the Period December 1, 2005, through July 31, 2006,” November 15, 2006

D-2007-020, “Independent Auditor’s Report on the Fiscal Year 2006 Department of Defense Agency-Wide Financial Statements,” November 12, 2006

D-2007-019, “Endorsement of the Unqualified Opinion on the FY 2006 Military Retirement Fund Financial Statements,” November 8, 2006

D-2007-018, “Independent Auditor’s Report on the Fiscal Year 2006 Army Fund Financial Statements,” November 08, 2006

D-2007-017, “Endorsement of the Qualified Opinion on the Fiscal Year 2006 DOD Medicare-Eligible Retiree Health Care Fund Financial Statements,” November 8, 2006

D-2007-015, “Independent Auditor’s Report on the Fiscal Year 2006 Air Force Working Capital Fund Financial Statements,” November 8, 2006

D-2007-014, “Independent Auditor’s Report on the Fiscal Year 2006 Air Force General Fund Financial Statements,” November 8, 2006

D-2007-013, “Independent Auditor’s Report on the Fiscal Year 2006 Army Working Capital Fund Financial Statements,” November 8, 2006

D-2007-012, “Independent Auditor’s Report on the Fiscal Year 2006 Department of the Navy Working Capital Fund Financial Statements,” November 8, 2006

D-2007-011, “Independent Auditor’s Report on the Fiscal Year 2006 Department of the Navy General Fund Financial Statements,” November 8 2006

D-2007-009, “Internal Controls Over Inventory Stored at Defense Logistics Agency Distribution Depots,” November 1, 2006

D-2007-004, “Accounting for Department of the Navy General Fund Accounts Receivable,” October 12, 2006

D-2007-003, “Internal Controls over the Army General Fund, Note 3, ‘Fund Balance With Treasury,’ Disclosures,” October 10, 2006

D-2006-124, “Management of the Purchase Card Program at the North American Aerospace Defense Command and United States Northern Command,” September 28, 2006

D-2006-120, “Report on Defense Civilian Pay System Controls Placed in Operation and Test of Operating Effectiveness For the Period July 1, 2005, through June 30, 2006,” September 28, 2006

D-2006-119, “Civilian Payroll and Withholding Data for FY 2006,” September 27, 2006

D-2006-118, “Financial Management of Hurricane Katrina Relief Efforts at Selected DOD Components,” September 27, 2006

D-2006-114, “Budget Execution Reporting at Defense Finance and Accounting Service Indianapolis,” September 25, 2006

D-2006-113, “Consolidation of Northrop Grumman Pension Accounting Records for the Acquisition of TRW,” September 22, 2006

D-2006-112, “Selected Controls over the Military Personnel, Army Appropriation,” September 22, 2006

D-2006-108, “Providing Interim Payments to Contractors in Accordance with the Prompt Payment Act,” September 01, 2006

D-2006-107, “Defense Departmental Reporting System and Related Financial Statement Compilation Process Controls Placed in Operation and Tests of Operating Effectiveness for the Period October 1, 2004, through March 31, 2005,” August 18, 2006

- D-2006-102, “Marine Corps Governmental Purchases,” July 31, 2006
- D-2006-094, “Improper Payments for Defense Fuel,” June 29, 2006
- D-2006-092, “Controls over Abnormal Balances in Financial Data Supporting Financial Statements for Other Defense Organizations,” June 8, 2006
- D-2006-086, “General and Application Controls at the Defense Information Systems Agency, Center for Computing Services,” May 18, 2006
- D-2006-085, “Vendor Pay Disbursement Cycle, Air Force General Fund: Funds Control,” May 15, 2006
- D-2006-081, “Recording and Reporting of Transactions by Others for the National Security Agency,” April 26, 2006
- D-2006-076, “DOD Compliance with the Prompt Payment Act on Payments to Contractors,” April 19, 2006
- D-2006-074, “Technical Report on the Defense Civilian Pay System General and Application Controls,” April 12, 2006
- D-2006-072, “Internal Controls Related to Department of Defense Real Property,” April 6, 2006
- D-2006-069, “Technical Report on the Defense Business Management System,” April 3, 2006
- D-2006-068, “Implementation of the Business Enterprise Information Services for the Army General Fund,” March 31, 2006
- D-2006-064, “Appropriated Funds Distribution Within the Program Budget Accounting System,” March 17, 2006
- D-2006-063, “Internal Controls Over Departmental Expenditure Operations at Defense Finance and Accounting Service Indianapolis,” March 10, 2006
- D-2006-062, “Internal Controls Over Compiling and Reporting Environmental Liabilities Data,” March 15, 2006
- D-2006-057, “Corrective Actions for Previously Identified Deficiencies Related to the National Geospatial-Intelligence Agency Financial Statements,” February 28, 2006
- D-2006-056, “Vendor Pay Disbursement Cycle, Air Force General Fund: Contract Formation and Funding,” March 6, 2006

D-2006-054, “DOD Process for Reporting Contingent Legal Liabilities,” February 24, 2006

D-2006-050, “Accuracy of Navy Contract Financing Amounts,” February 13, 2006

D-2006-049, “Audit of the FY 2004 Marine Corps Entitlements and Withholding,” February 10, 2006

D-2006-048, “Report on Reliability of Financial Data Accumulated and Reported by the Space and Naval Warfare System Centers,” January 31, 2006

D-2006-047, “Independent Auditor’s Report on the DOD FY 2005 Detailed Accounting Report of the Funds Obligated for National Drug Control Program Activities,” January 26, 2006

D-2006-046, “Technical Report on the Defense Property Accountability System,” January 27, 2006

D-2006-045, “Endorsement of the Deloitte & Touche LLP Management Letter on the FY 2005 Military Retirement Fund Financial Statements Opinion Audit,” January 10, 2006

D-2006-043, “Army Management of the Army Game Project Funding,” January 6, 2006

D-2006-039, “Internal Controls Over the Compilation of the Air Force, General Fund, Fund Balance With Treasury for FY 2004,” December 22, 2005

D-2006-038, “DOD Compliance with the Government Performance and Results Act of 1993,” December 13, 2005

D-2006-037, “Puget Sound Naval Shipyard Mission-funded Prototype,” December 9, 2005

D-2006-034, “Accuracy of the Contributions to the Medicare-Eligible Retiree Health Care Fund,” December 7, 2005

D-2006-033, “Defense Finance and Accounting Service Corporate Database User Access Controls,” December 7, 2005

D-2006-031, “Report on Penetration Testing at the Defense Information Systems Agency, Center for Computing Services,” November 30, 2005

D-2006-030, “Report on Diagnostic Testing at the Defense Information Systems Agency, Center for Computing Services,” November 30, 2005

D-2006-025, “Accuracy of Air Force Contract Financing Amounts,” November 14, 2005

D-2006-023, “Endorsement of the Unqualified Opinion on the FY 2005 Military Retirement Fund Financial Statements,” November 04, 2005

D-2006-022, “Independent Auditor’s Report on the Fiscal Year 2005 Department of Defense Agency-Wide Financial Statements,” November 12, 2005

D-2006-021, “Endorsement of the Qualified Opinion on the FY 2005 DOD Medicare-Eligible Retiree Health Care Fund Financial Statements,” November 8, 2005

D-2006-020, “Independent Auditor’s Report on the Fiscal Year 2005 U.S. Army Corps of Engineers, Civil Works, Financial Statements,” November 8, 2005

D-2006-019, “Independent Auditor’s Report on the Fiscal Year 2005 Air Force Working Capital Fund Financial Statements,” November 8, 2005

D-2006-018, “Independent Auditor’s Report on the Fiscal Year 2005 Air Force General Fund Financial Statements,” November 8, 2005

D-2006-017, “Independent Auditor’s Report on the Fiscal Year 2005 Department of the Navy General Fund Financial Statements,” November 8, 2005

D-2006-016, “Independent Auditor’s Report on the Fiscal Year 2005 Department of the Navy Working Capital Fund Financial Statements,” November 8, 2005

D-2006-015, “Independent Auditor’s Report on the Fiscal Year 2005 Army General Fund Financial Statements,” November 8, 2005

D-2006-014, “Independent Auditor’s Report on the Fiscal Year 2005 Army Working Capital Fund Financial Statements,” November 8, 2005

D-2006-013, “Compiling and Recording Financial Adjustments Related to DOD Commercial Payments,” November 8, 2005

D-2006-012, “Controls Over Funds Used by DOD for the National Drug Control Program,” November 7, 2005

D-2006-011, “The Foreign Military Sales Trust Fund Cash Management,” November 7, 2005

D-2006-009, “Independent Examination of Valuation and Completeness of U.S. Army Corps of Engineers Buildings and Other Structures,” October 28, 2005

D-2006-008, “Report on Defense Departmental Reporting System and Related Financial Statement Compilation Process Controls Placed in Operation and Tests of Operating Effectiveness for the Period October 1, 2004 through March 31, 2005,” October 24, 2005

D-2005-114, “Development of the DOD Baseline for Military Equipment,” September 30, 2005

D-2005-112, “Review of the Development of the DOD Baseline for Military Equipment,” September 30, 2005

D-2005-108, “Review of the U.S. Army Corps of Engineers, Civil Works, Balance Sheet Reporting and Financial Statement Compilation,” September 16, 2005

D-2005-106, “Report on Defense Civilian Pay System Controls Placed in Operation and Tests of Operating Effectiveness for the Period October 1, 2004 through June 30, 2005,” September 15, 2005

D-2005-105, “Report on Defense Information Systems Agency, Center for Computing Services Controls Placed in Operation and Tests of Operating Effectiveness for the Period October 1, 2004 through April 30, 2005,” September 6, 2005

D-2005-104, “Report in Defense Business Management System Controls Placed in Operation and Tests of Operating Effectiveness for the Period October 1, 2004 through May 15, 2005,” August 26, 2005

D-2005-103, “Development and Management of the Army Game Project,” August 24, 2005

D-2005-102, “Defense Departmental Reporting System - Audited Financial Statements Report Map,” August 17, 2005

D-2005-101, “DOD Recovery Audit Program,” August 17, 2005

D-2005-100, “Identification and Reporting of DOD Erroneous Payments,” August 17, 2005

D-2005-097, “Auditability Assessment for Financial Statements of the Defense Intelligence Agency,” August 18, 2005

D-2005-093, “Technical Report on the Standard Finance System,” August 17, 2005

D-2005-092, “Report on Defense Property Accountability System Controls Placed in Operation and Test of Operating Effectiveness for the Period September 1, 2004 through April 30, 2005,” July 7, 2005

D-2005-075, “Defense Finance and Accounting Service Data Call Submissions and Internal Control Processes for Base Realignment and Closure 2005,” May 27, 2005

D-2005-74, “Support for Reported Obligations for the National Security Agency,” May 31, 2005

D-2005-069, “Audit of the General and Application Controls of the Defense Civilian Pay System,” May 13, 2005

D-2005-065, “Termination of the Audit of the DOD Midterm Solution for Military Equipment Valuation,” May 9, 2005

D-2005-062, “Recording and Accounting for DOD Contract Financing Payments,” May 10, 2005

D-2005-061, “Appropriations Received and Net Transfers on the FY 2004 DOD Agency-Wide Financial Statements,” May 10, 2005

D-2005-059, “Report on Standard Finance System Controls Placed in Operation and Tests of Operating Effectiveness for the Period October 1, 2004 through March 31, 2005,” May 30, 2005

D-2005-051, “Independent Examination of the Land Assets at the U.S. Army Corps of Engineers, Civil Works,” April 6, 2005

D-2005-047, “Contracts Classified as Unreconcilable by the Defense Finance and Accounting Service Columbus (Contract DAAA09-81-G-2008/0031),” April 6, 2005

D-2005-046, “Independent Examination of the Rights to U.S. Army Corps of Engineers Buildings and Other Structures,” March 25, 2005

D-2005-040, “Contracts Classified as Unreconcilable by the Defense Finance and Accounting Service Columbus,” March 14, 2005

D-2005-036, “DOD Civilian Payroll Withholding Data for FY 2004,” February 17, 2005

D-2005-035, “Existence of U.S. Army Corps of Engineers Buildings and Other Structures,” February 15, 2005

D-2005-032, “Endorsement of the Deloitte & Touche LLP Management Letter on the FY 2004 Military Retirement Fund Financial Statements Opinion Audit,” January 27, 2005

D-2005-031, “Endorsement of the Management Letter on Internal Controls Over Financial Reporting for the FY 2004 DOD Medicare Eligible Retiree Health Care Fund Financial Statements,” January 31, 2005

D-2005-026, “Reliability of U.S. Army Corps of Engineers, Civil Works, Fund Balance With Treasury and Unexpended Appropriations,” December 28, 2004

D-2005-022, “Contracts Classified as Unreconcilable by the Defense Finance and Accounting Service (Contract No. DAAH01-92-C-R399),” December 2, 2004

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